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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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November 24, 2008

Karen Wallensak, Executive Director
Housing Resource Center
800 North Tucker Blvd.
St. Louis, MO. 63101

RE: Fiscal Monitoring Report of Housing Resource Center - Federal Emergency
Shelter Grant (FESG), Contract #55743, CFDA #14.231 (Project #2008-HOM2)

Dear Ms. Wallensak:

Enclosed is a report of our fiscal monitoring review of the Housing Resource Center, a not-for-profit organization, Federal Emergency Shelter Grant, for the period January 01, 2007 through October 31, 2007. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Housing Resource Center. Our fieldwork was completed on November 15, 2007.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis Department of Human Services (DHS) to provide fiscal monitoring to all grant sub- recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Patrick Brennan, Fiscal Manager, DHS
Antoinette Triplett, Program Manager II, Homeless Services-DHS



CITY OF ST. LOUIS

***DEPARTMENT OF HUMAN SERVICE (DHS)
HOMELESS SERVICE PROGRAM***

***HOUSING RESOURCE CENTER
FEDERAL EMERGENCY SHELTER GRANT (FESG)
CONTRACT #55743
CFDA #14.231***

***FISCAL MONITORING REVIEW
JANUARY 1, 2007 THROUGH OCTOBER 31, 2007***

PROJECT #2008-HOM2

DATE ISSUED: NOVEMBER 24, 2008

***Prepared by:
The Internal Audit Section***



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOUSING RESOURCE CENTER
FEDERAL EMERGENCY SHELTER GRANT
FISCAL MONITORING REVIEW
JANUARY 1, 2007 THROUGH OCTOBER 31, 2007**

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**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
HOUSING RESOURCE CENTER
FISCAL MONITORING REVIEW
JANUARY 1, 2007 THROUGH OCTOBER 31, 2007**

INTRODUCTION

Background

Contract Name: Housing Resource Center (HRC)
Contract Number: 55743
CFDA Number: 14.231
Contract Period: January 1, 2007 through December 31, 2007
Contract Amount: \$256,500

The contract provides fund from the Department of Housing and Urban Development (HUD) through the Federal Emergency Shelter Grant (FESG) to Housing Resource Center (Agency). The fund was used by Housing Resource Center to subsidies to defray rent and utility cost for families that have received eviction or utility termination notices.

Purpose

The purpose of our fiscal monitoring review was to determine the Agency's compliance with federal (including OMB Circular A-133), state, and local Department of Human Services (DHS) requirements for the period January 1, 2007 through October 31, 2007 and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding the Agency's expenditures relating to the grant administered by DHS, tested evidence supporting the reports the Agency submitted to DHS and performed other procedures considered necessary. Our fieldwork was complete on November 15, 2007.

Exit Conference

We offered the Agency the opportunity for an exit conference, but the Agency declined.

Management's Responses

On October 7, 2008, we provided the Agency with our observations and recommendations and requested a response by October 15, 2008. However, as of the date of the report, the Agency has not responded.

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
HOUSING RESOURCE CENTER
FISCAL MONITORING REVIEW
JANUARY 1, 2007 THROUGH OCTOBER 31, 2007**

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with the federal (including OMB Circular A-133), state, and local DHS requirement.

Status of Prior Observations

The Agency's most recent fiscal monitoring report dated November 22, 2006 noted the following observations.

1. The Agency exceeded 100% reimbursement for one (1) payroll expenditure (Repeated). The agency has not reimbursement DHS for \$1,282.20. The proper documents have been submitted to the Federal Grants department. **(Not resolved. See Current Observation.)**
2. Opportunity to improve timeliness of monthly reports. **(Resolved)**
3. Conflicts of interest exists. **(Resolved)**

A-133 Status

The Housing Resource Center (Agency) is part of Catholic Charities and is covered under the A-133 audit report for the Archdiocese of St. Louis. The report was dated for the year ending June 30, 2007 was issued July 2, 2007. The A-133 expressed unqualified opinions on both the general purpose financial statements as well as the report issued on compliance for major programs. There were no reportable conditions or audit findings noted by the external auditors. IAS reviewed this report and recommended it be accepted with no further action taken.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented could assist the Agency in fully complying with federal, including OMB Circular A-133, state and local DHS requirements.

- The agency exceeded 100% reimbursement for one payroll expenditure.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES**

The agency exceeded 100% reimbursement for one payroll expenditure (Repeated)

The Department of Human Services policy guidelines require the Agency to charge expenditures to the grants that are equal to the Agency's payroll allocation chart, and not exceeding 100% reimbursement for gross pay on any salary.

As noted in our prior report, Projects 2003-HOM27, the Agency charged one salary to the grant at 55.25%, when as per the Agency's allocation chart and the employee's time sheet the charge should have been 18.45%. We also noted eight (8) out of eleven (11) payroll expenditures for the month of August 2002 exceeded the Agency's allocation chart ranging from 0.44% to 4.67%. These findings resulted in excess reimbursements to the Agency of \$1,282.20. The Agency has not repaid this amount to the FESG program as of the date of this report; consequently, this observation is being repeated.

Recommendation

We recommend that DHS pursue the questioned cost of \$1,282.20 from the Agency. This issue has been outstanding dating back to our report issued August 23, 2003.

Management's Response

On October 7, 2008, we provided the Agency with our observations and recommendations and requested a response by October 15, 2008. However, as of the date of the report, the Agency has not responded.